



Louisiana

Benefits From Exports

Louisiana's export sales of merchandise in 2000 totaled \$3.9 billion, 20 percent above the 1993 total of \$3.2 billion. On a per capita basis, Louisiana businesses recorded exports of \$864 for every person residing in the state in 2000.

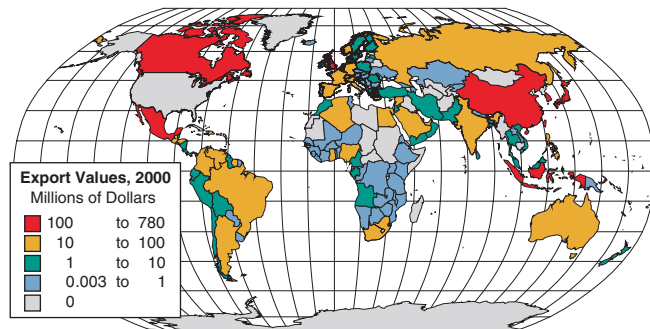
Louisiana exports goods globally to 166 foreign destinations. Two of the state's top three markets are North American Free Trade Agreement (NAFTA) countries. The state's leading market, by far, is Canada (20 percent of 2000 exports), followed by Japan (18 percent), and Mexico (8 percent). Other significant markets are Indonesia, Taiwan, China, South Korea, Belgium, the United Kingdom, and the Netherlands.

Louisiana's biggest growth market, in dollar terms, is Indonesia. From 1997 to 2000, export sales to Indonesia increased from \$40 million to \$228 million—an increase of \$188 million. Louisiana also posted big dollar gains in sales to the NAFTA nations of Mexico (up \$173 million) and Canada (up \$117 million). Other markets where the state recorded sizable dollar increases were Egypt, China, and Syria.

Among Louisiana's top 25 export destinations the fastest-growing, in percentage terms, are Indonesia,

LOUISIANA EXPORTED GOODS WORTH \$3.9 BILLION TO 166 FOREIGN MARKETS IN 2000

Dollar Value of Louisiana's Merchandise Exports to Foreign Markets, 2000



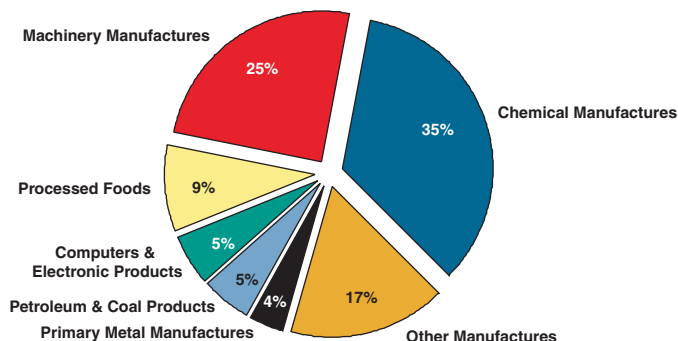
Source: U.S. Department of Commerce, Exporter Location Series.

Mexico, and Egypt. Export sales to each of these markets more than doubled from 1997 to 2000.

The state's leading export categories are chemicals and machinery. Combined exports of these products totaled \$1.6 billion in 2000. Other top export categories were processed foods, and computers and electronic products. The state also exports significant quantities of farm products.

Within Louisiana, New Orleans posted 1999 export sales of \$2.4 billion—the most of any Louisiana metropolitan area, nearly two-thirds the state total, and the 49th largest total among the 253 U.S. metro areas for which export statistics are available. New Orleans was followed by Baton Rouge, Lafayette, Shreveport–Bossier City, and Lake Charles. Louisiana metro areas that posted the fastest export growth during the 1993–99 period were Lake Charles, Lafayette, and Houma.

LOUISIANA EXPORTS A WIDE RANGE OF MANUFACTURES: \$2.65 BILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

Exports Support Good Jobs

Export-related jobs tend to be high-paying jobs. Wages of workers in jobs supported by merchandise exports range 13–18 percent higher than the national average. Export-related jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Louisiana depended on manufactured exports for 81,800 jobs. Export-supported jobs accounted for an estimated 5.3 percent of Louisiana's total private sector employment.

Manufactured exports supported 22,800 jobs—more than one of every eight workers—in Louisiana's manufacturing industries. Seven manufacturing sectors each relied on manufactured exports for more than 1,000 jobs. The largest numbers of export-related jobs were found in chemicals, transportation equipment, machinery manufactures, and fabricated metal products.

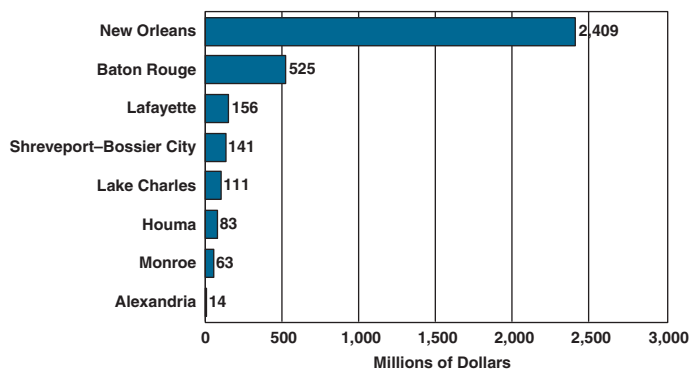
Exports of manufactured goods also indirectly supported 59,000 jobs in the state's nonmanufacturing industries. These industries supply manufacturers with a wide range of inputs needed to produce goods for export.

Exports Help Small Business

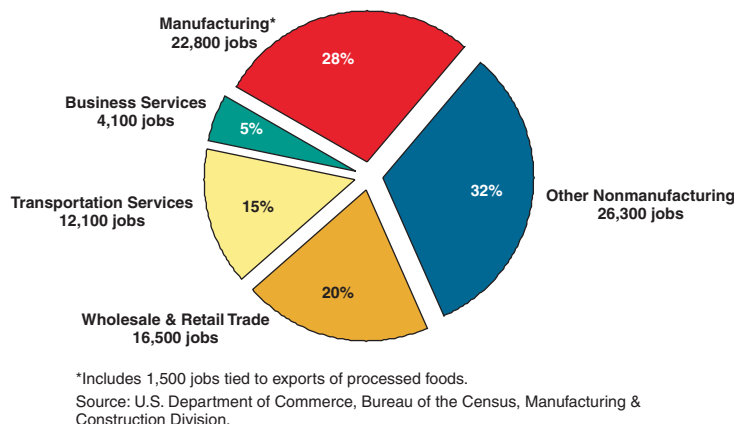
Exports have broadly benefited Louisiana businesses, both large and small. A total of 2,488 companies exported from Louisiana locations in 1998. Just over 79 percent of these companies were small and medium-sized firms that had fewer than 500 employees. In fact, 68 percent of all Louisiana exporters were small firms with fewer than 100 workers.

Small and medium-sized firms were responsible for 64 percent—nearly two-thirds—of Louisiana's total exports in 1998. This was more than double the national average of 29 percent.

FIVE LOUISIANA METRO AREAS POSTED EXPORTS OF \$100 MILLION OR MORE IN 1999



81,800 LOUISIANA JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements.

The United States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

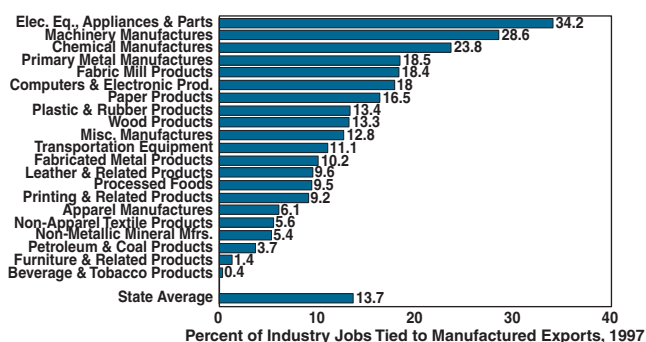
TRADE PROMOTION AUTHORITY—KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or "fast track") is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

TPA preserves the ability of the United States to protect public health, safety, and the environment.

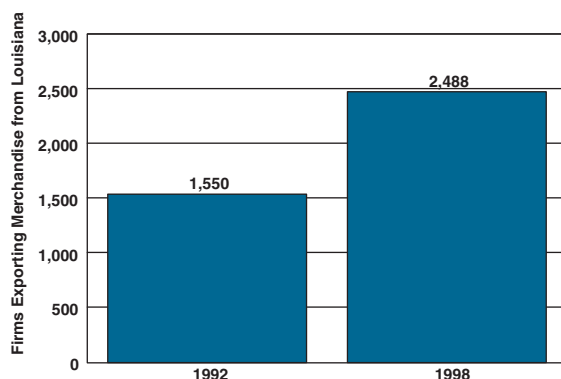
MORE THAN ONE-EIGHTH OF MANUFACTURING JOBS IN LOUISIANA WERE TIED TO EXPORTS IN 1997



Note: In 1997, 13.7 percent of the 165,800 manufacturing jobs in Louisiana were tied to manufactured exports—some 22,800 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

THE NUMBER OF COMPANIES EXPORTING FROM LOUISIANA ROSE 61 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

Louisiana Industries Can Gain From Trade Negotiations

Louisiana's exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit Louisiana's businesses across many industrial sectors.

Chemicals. Louisiana exports a variety of chemical products. TPA would allow the United States to build on duty reductions established under the Uruguay Round Chemical Tariff Harmonization Agreement (CTHA), which reduced tariffs to harmonized low levels on a range of products from fertilizers to plastics. Since the end of the Uruguay Round, more advanced developing countries, most of which do not participate in the CTHA, have become increasingly important chemical

producers. Tariffs in Asian countries outside the CTHA range up to 60 percent. New negotiations would offer the opportunity to address tariff disparities and the many nontariff barriers facing the chemical industry, including discriminatory product registration, testing/certification, and import licensing requirements.

Industrial machinery. While Louisiana's industrial machinery exporters have benefited from tariff reductions in previous trade agreements, the industry continues to face barriers in many markets throughout the world. For example, tariffs on industrial machinery are as high as 30 percent in Brazil and India. This sector also suffers from the many import restrictions maintained in potentially lucrative markets, including nontransparent and preferential government procurement practices, deficiencies in intellectual property protection, investment barriers, and the increasing use of standards as nontariff barriers to trade. In addition, restrictions on the ability to provide after-sales service greatly inhibit market access for U.S. manufacturers of complex machinery.

Information technology. Louisiana's high-tech businesses are beneficiaries of the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets remain as high as 30 percent. Beyond

tariffs, IT products also face such nontariff restrictions as redundant testing and certification requirements.

LOUISIANA: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of Louisiana goods and services.

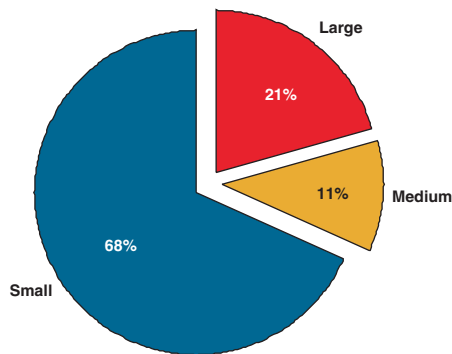
Louisiana exporters still face major trade barriers in such sectors as chemicals, industrial machinery, information technology, and paper and paper products.

With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Nearly 82,000 Louisiana jobs depend on exports of manufactured goods.

2,488 companies—including 1,975 small and medium-sized businesses—export from Louisiana.

79 PERCENT OF LOUISIANA'S 2,488 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

U.S. suppliers, including those in Louisiana, would likely see sales rise if remaining barriers on IT products were eliminated.

Paper and paper products. Export sales are critical to the future growth of the U.S. paper and paper products industry, which has operations in nearly every state, including Louisiana. As a result of the Uruguay Round, U.S. exporters of paper products have benefited from lower tariffs in a number of foreign markets. However, the industry continues to face high tariffs on paper in countries that do not participate in the Uruguay Round duty elimination agreements. Tariffs are still high in such key competitor and consuming countries as Brazil, Colombia, Indonesia, Malaysia, Thailand, and Venezuela. For example, tariffs in Venezuela and Thailand are as high as 20 percent and 25 percent, respectively. In addition, the U.S. paper industry faces a number of nontariff barriers in key foreign markets, including import surcharges, import quotas, import permits and licenses, and subsidies.

Agriculture. Louisiana produces and exports agricultural products. According to the U.S. Department of Agriculture, Louisiana's agricultural exports totaled \$481 million in 1999. Since 1991, the state's reliance on agricultural exports has ranged from 26 to 36 percent as measured by export's share of farm cash receipts. Louisiana's top agricultural exports are rice, cotton, and soybeans and products. Louisiana already benefits from past trade agreements. Under the Uruguay Round, Japan opened its market to 375,000 tons of imported rice in 1995, which expanded to a 682,200-ton tariff-rate quota by 2000. Under NAFTA, new rules of origin have increased demand for U.S. textiles in

Canada and Mexico, and Mexico's 10 percent tariffs on cotton will be eliminated by 2003. However, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

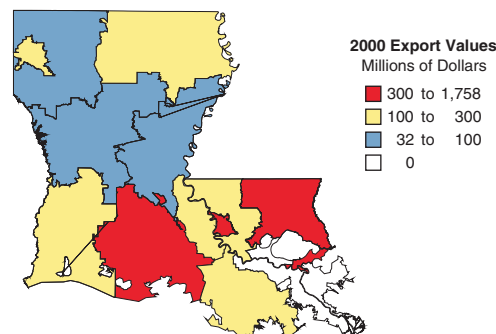
Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

Imports Also Important to Louisiana

While exports generate clear benefits for the Louisiana economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in Louisiana, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in Louisiana with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER LOUISIANA

Louisiana's Merchandise Exports by Three-Digit Zip Code, 2000



Note: Louisiana's total merchandise exports in 2000 were \$3.9 billion. Unshaded areas represent national forests and parks, federal and military reservations, localities without exports, and areas where export data are suppressed due to federal disclosure regulations.
Source: U.S. Department of Commerce, Exporter Location Series.